

CB RICHARD ELLIS GROUP INC
Form 10-Q
November 10, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15
(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15
(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ **to** _____
Commission File Number 001 - 32205

CB RICHARD ELLIS GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3391143
(I.R.S. Employer
Identification Number)

11150 Santa Monica Boulevard, Suite 1600
Los Angeles, California
(Address of principal executive offices)

90025
(Zip Code)

(310) 405-8900
(Registrant's telephone number, including area code) (Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý.

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The number of shares of Class A common stock outstanding at October 31, 2008 was 204,920,926.

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September 30, 2008

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CB RICHARD ELLIS GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in thousands, except share data)

	September 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 400,780	\$ 342,874
Restricted cash	73,739	44,438
Receivables, less allowance for doubtful accounts of \$45,974 and \$34,748 at September 30, 2008 and December 31, 2007, respectively	835,575	1,081,653
Warehouse receivables	226,131	255,777
Prepaid expenses	100,283	79,772
Deferred tax assets, net	241,486	191,984
Real estate under development	88,358	78,388
Real estate and other assets held for sale	111,386	204,103
Other current assets	92,993	84,997
Total Current Assets	2,170,731	2,363,986
Property and equipment, net	217,346	216,214
Goodwill	2,316,717	2,174,710
Other intangible assets, net of accumulated amortization of \$120,410 and \$105,438 at September 30, 2008 and December 31, 2007, respectively	404,506	404,104
Deferred compensation assets	251,522	264,190
Investments in unconsolidated subsidiaries	210,378	236,892
Deferred tax assets, net	23,423	17,932
Real estate under development	169,021	138,643
Real estate held for investment	489,806	277,411
Available for sale securities	33,127	30,314
Other assets, net	125,189	118,177
Total Assets	\$ 6,411,766	\$ 6,242,573
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 394,209	\$ 487,287
Deferred purchase consideration	4,233	4,528
Compensation and employee benefits payable	308,422	319,808
Accrued bonus and profit sharing	322,681	727,460
Income taxes payable		50,658
Short-term borrowings:		
Warehouse lines of credit	226,131	255,777
Revolving credit facility	560,692	227,065
Other	16,361	55,838
Total short-term borrowings	803,184	538,680
Current maturities of long-term debt	161,765	11,374
Notes payable on real estate	145,526	105,506
Liabilities related to real estate and other assets held for sale	79,473	161,966
Other current liabilities	15,919	23,802
Total Current Liabilities	2,235,412	2,431,069
Long-Term Debt:		
Senior secured term loans	1,917,350	1,776,000
Other long-term debt	2,198	1,352

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Total Long-Term Debt	1,919,548	1,777,352
Deferred compensation liabilities	252,124	278,266
Pension liability	30,079	34,163
Non-current tax liabilities	89,837	81,847
Notes payable on real estate	391,328	211,797
Other liabilities	156,265	175,923
Total Liabilities	5,074,593	4,990,417
Commitments and contingencies		
Minority interest	283,073	263,613
Stockholders' Equity:		
Class A common stock; \$0.01 par value; 325,000,000 shares authorized; 204,845,947 and 201,594,592 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	2,048	2,016
Additional paid-in capital	68,881	40,559
Notes receivable from sale of stock		(60)
Accumulated earnings	1,040,920	963,530
Accumulated other comprehensive loss	(57,749)	(17,502)
Total Stockholders' Equity	1,054,100	988,543
Total Liabilities and Stockholders' Equity	\$ 6,411,766	\$ 6,242,573

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CB RICHARD ELLIS GROUP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(Dollars in thousands, except share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	\$ 1,299,735	\$ 1,492,809	\$ 3,845,533	\$ 4,197,133
Costs and expenses:				
Cost of services	755,362	791,852	2,197,013	2,233,130
Operating, administrative and other	420,352	468,375	1,321,536	1,350,066
Depreciation and amortization	25,412	28,311	74,236	83,190
Merger-related charges		5,092		39,824
Total costs and expenses	1,201,126	1,293,630	3,592,785	3,706,210
Gain on disposition of real estate	9,766	16,075	13,808	16,075
Operating income	108,375	215,254	266,556	506,998
Equity (loss) income from unconsolidated subsidiaries	(3,408)	6,020	(25,922)	36,184
Minority interest (income) expense	(772)	9,692	(8,379)	12,427
Other loss			4,607	37,534
Interest income	4,400	7,937	14,107	20,922
Interest expense	42,290	40,417	126,855	124,572
Income from continuing operations before provision for income taxes	67,849	179,102	131,658	389,571
Provision for income taxes	37,701	64,155	64,493	121,512
Income from continuing operations	30,148	114,947	67,165	268,059
Income from discontinued operations, net of income taxes	10,225		10,225	
Net income	\$ 40,373	\$ 114,947	\$ 77,390	\$ 268,059
<i>Basic income per share</i>				
Income from continuing operations	\$ 0.15	\$ 0.50	\$ 0.33	\$ 1.16
Income from discontinued operations, net of income taxes	0.05		0.05	
Net income	\$ 0.20	\$ 0.50	\$ 0.38	\$ 1.16
Weighted average shares outstanding for basic income per share	203,680,475	230,997,817	203,409,873	230,406,342
<i>Diluted income per share</i>				
Income from continuing operations	\$ 0.14	\$ 0.48	\$ 0.32	\$ 1.13
Income from discontinued operations, net of income taxes	0.05		0.05	

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Net income	\$	0.19	\$	0.48	\$	0.37	\$	1.13
Weighted average shares outstanding for diluted income per share		207,706,250		237,450,864		207,942,875		237,291,116

The accompanying notes are an integral part of these consolidated financial statements.

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CB RICHARD ELLIS GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 77,390	\$ 268,059
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	74,328	83,190
Amortization and write-off of deferred financing costs	9,078	5,883
Write-down of impaired investments	4,607	
Gain on sale of servicing rights and other assets	(11,478)	(6,152)
Loss on trading securities		33,654
Loss on interest rate swaps		3,880
Equity loss (income) from unconsolidated subsidiaries	25,922	(36,184)
In-kind distributions from unconsolidated subsidiaries		